

Message Text

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INFO USMISSION OECD PARIS

USMISSION EC BRUSSELS

AMEMBASSY NEW DELHI

AMEMBASSY TEHRAN

AMEMBASSY ALGIERS

AMEMBASSY KINSHASA

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C O N F I D E N T I A L SECTION 01 OF 03 BONN 11442

LIMDIS

BERLIN FOR AMBASSADOR

E.O. 11652: GDS

TAGS: ENRG, GW

SUBJECT: WISCHNEWSKI VISITS TO ALGERIA, ZAIRE,
INDIA AND IRAN

REF: BONN 10596

1. SUMMARY: ON JULY 14 MINISTER OF STATE WISCHNEWSKI IN
THE FOREIGN MINISTRY FILLED IN THE AMBASSADOR AT
SOME LENGTH ON HIS VISIT TO ALGERIA, ZAIRE, INDIA
AND IRAN TO DISCUSS THE ENERGY DIALOGUE. ACCORDING
TO WISCHNEWSKI HIS EFFORTS TO DISCOURAGE AUTOMATIC
INDEXATION MET WITH MIXED REACTION, FROM THE
MOST NEGATIVE IN ALGERIA TO THE LEAST NEGATIVE IN
INDIA. HE ALSO PRESSED WITH LITTLE SUCCESS ON
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CONCEPT OF CONSULTATION WITH CONSUMING COUNTRIES

BEFORE OIL PRODUCERS INCREASED PRICES OR CUT PRODUCTION. WHILE REACTION WAS MOST NEGATIVE ON DIALOGUE IN ALGERIA, THERE WAS NO FIRM TURN-DOWN IN ANY CAPITAL. END SUMMARY

2. MINISTER OF STATE WISCHNEWSKI OF THE FOREIGN MINISTRY GAVE AMBASSADOR DETAILED REPORT ON FIRST LEG OF HIS VISIT TO "SEVEN" OIL PRODUCING AND MSA CAPITALS. WISCHNEWSKI, WHO UNDERTOOK HIS TRIP ON THE INSTRUCTIONS OF THE CHANCELLOR, WILL TERMINATE HIS TRAVELS BEGINNING THIS COMING WEEKEND WHEN HE LEAVES FOR SAUDI ARABIA, VENEZUELA AND BRAZIL.

3. WISCHNEWSKI SAID THAT ALGERIANS WERE HARDEST ON QUESTION OF AUTOMATIC INDEXATION. THEY HAD OBVIOUSLY DONE A LOT OF TECHNICAL WORK, THE RESULTS OF WHICH WISCHNEWSKI ASSUMED WERE AVAILABLE TO US. WISCHNEWSKI PROPOSED IN ALGERIA AS ELSEWHERE DURING HIS VISIT THAT CONSUMER COUNTRIES SHOULD BE CONSULTED BEFORE INCREASES IN PETROLEUM PRICES OR CUTBACKS IN PRODUCTION. TO ARGUMENT THAT INDUSTRIAL WORLD DID NOT CONSULT OIL PRODUCERS ABOUT THEIR PRICE INCREASES, WISCHNEWSKI STRESSED THAT SITUATION IS ENTIRELY DIFFERENT SINCE OIL PRODUCERS BUY IN A COMPETITIVE WORLD, BUT CONDUCT THEIR SALES FROM ONE OF THE MOST EFFECTIVE CARTELS IN EXISTENCE. WISCHNEWSKI SAID HE SENSED SOME SLIGHT GIVE IN THE CASE OF BOUMEDIENE, , WHO SUGGESTED THAT INDEXATION WAS NOT THE VITAL FACTOR IN ITSELF IF SOME OTHER WAY COULD BE FOUND TO PROTECT THE INTERESTS OF THE DEVELOPING WORLD.

4. THE ALGERIANS MAINTAINED THEY DID NOT WISH TO DAMAGE THE INDUSTRIAL WORLD, BUT POINTED OUT THAT ALGERIANS MUST SPEND ALL THEIR OIL INCOME WITHIN THE COUNTRY AND HAVE NOTHING LEFT OVER FOR FOREIGN PURCHASES. FOR THIS REASON ALGERIA REQUIRES FOREIGN LOANS FOR DOMESTIC INDUSTRIAL DEVELOPMENT. WISCHNEWSKI FOUND THE ALGERIANS RELATIVELY NEGATIVE ON THE DIALOGUE, PARTICULARLY AS FAR AS THE US IS CONCERNED

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BUT WERE NOT BASICALLY ANTI-US. THEY OBJECTED TO LOCATION OF DIALOGUE IN PARIS. THEY CONSIDER THE IEA NOT AS AN ORGAN FOR DIALOGUE, BUT FOR CONFRONTATION. ON THE OTHER HAND, WISCHNEWSKI WAS ENCOURAGED BY A LEADING ARTICLE THE ALGERIAN PRESS PRINTED THE DAY AFTER HIS VISIT WHICH ADOPTED A POSITIVE APPROACH TO THE RESULTS OF THE PARIS PREPCON.

5. BOUMEDIENE CHIDED WISCHNEWSKI FOR GERMANY'S HABIT OF ALWAYS AGREEING WITH US; WISCHNEWSKI DENIED THIS WAS THE CASE. WISCHNEWSKI POINTED OUT THAT GERMANS DO NOT DISAGREE ON ALLIANCE OBJECTIVES, BUT HE COULD SEE HOW GERMAN/US INTERESTS MIGHT DIVERGE IN THE RAW MATERIALS AREA. THE ALGERIANS ALSO

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CLAIMED TO BE FAVORABLE TO A DIALOGUE AS LONG AS EVERYONE IS TREATED EQUALLY.

6. COMMENT: WE ARE PUZZLED BY WISCHNEWSKI'S REFERENCE TO DIVERGING INTERESTS BETWEEN THE US AND FRG IN THE RAW MATERIALS FIELD. UP TO NOW WE HAD BEEN UNDER THE GENERAL IMPRESSION THAT WE SAW THINGS IN THE SAME LIGHT. WE SENSE, HOWEVER, THAT FRG MAY BE FOR NEGOTIATING PURPOSES DIFFERENTIATING

BETWEEN US WITH SOURCES OF ITS OWN AS AGAINST THE
"IMPOVERISHED" FRG WITH VERY FEW RESOURCES. END
COMMENT.

7. WISCHNEWSKI SAID THAT, ALTHOUGH HE HAD BEEN IN
KINSHASA WHEN OUR AMBASSADOR WAS HAVING PROBLEMS,
PRESIDENT MOBUTU SPOKE ONLY OF AMERICA AS "FRIENDS".
WISCHNEWSKI WAS IMPRESSED THAT MOBUTU HAS LITTLE
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IDEA AS TO HOW THINGS SHOULD BE DONE AND VERY LITTLE
EXPERTISE. MOBUTU IS MOSTLY INTERESTED IN COPPER.
MOBUTU SAID HE WAS NOT INTERESTED IN RETURNING TO
EXCEEDINGLY HIGH FLUCTUATING PRICES BUT IN STABLE
PRICES AT A REASONABLE LEVEL. MOBUTU WAS FAVORABLE
TOWARD THE DIALOGUE ITSELF.

8. WISCHNEWSKI SAID HE WAS GIVEN AN UNUSUALLY
WARM WELCOME IN INDIA, NO DOUBT BECAUSE HE WAS ONE OF
THE FIRST SENIOR WESTERN OFFICIALS TO VISIT INDIA
SINCE PRIME MINISTER GANDHI'S ADOPTION OF REPRESSIVE
MEASURES. (WE WILL REPORT SEPARATELY ON HIS
IMPRESSIONS OF INDIAN SITUATION.) WISCHNEWSKI SAID
THE INDIANS WERE IN REAL TROUBLE OWING TO THE OIL
CRISIS. THEY ARE NATURAL ALLIES OF THE WESTERN
INDUSTRIAL COUNTRIES ON MATTERS OF SUBSTANCE.
THEY CAN NOT, HOWEVER, BE OUR ALLIES IN THE POLITICAL
SENSE SINCE THEY STRESS THEIR SOLIDARITY WITH THE
OIL PRODUCERS. THEY CANNOT CRITICIZE WHAT THE
PRODUCERS DO BECAUSE THEY HAVE BEEN HELPED
AND WILL NEED HELP FROM THE PRODUCING COUNTRIES.
NEVERTHELESS, THE INDIANS ARE NOT SO TIED TO INDEXA-
TION.

9. IN IRAN WISCHNEWSKI SAW THE SHAH, THE PRIME
MINISTER AND OTHER SENIOR OFFICIALS. THE IRANIANS
CONTINUED TO IMPRESS ON THEM THE PURCHASING POWER
LOSS OF THE OIL PRODUCERS SINCE JANUARY 1, 1974 OWING TO
PRICE INCREASES AND THE DOLLAR DEVALUATION. THE
IRANIANS WERE FAVORABLE TOWARD A DIALOGUE. WHEN
THE FRG PRESSED FOR AN EARLY RESUMPTION PRIOR TO
THE SEPTEMBER 24 OPEC MEETING AND THE 7TH SPECIAL
SESSION, THE IRANIANS SAID THEY HAD NO PROBLEM WITH
AN EARLIER DATE, BUT THE US AND FRANCE WANTED TO
POSTPONE IT UNTIL LATER. THE IRANIANS SAID THEY
HAD THIS IMPRESSION FROM CONVERSATIONS WITH UNDER
SECRETARY ROBINSON. THE GERMANS ON THE OTHER HAND
THOUGHT AN EARLIER MEETING MIGHT CREATE SOME KIND
OF DETENTE BEFORE THE OTHER MEETINGS.

10. THE IRANIANS SAID THAT ALTHOUGH THEY HAD NO
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OBJECTION TO THE PRESENCE OF OPEC AND IEA OBSERVERS
AT THE DIALOGUE, THEY CONSIDERED THIS IMPOSSIBLE
OWING TO THE STRONG OBJECTIONS OF OTHER OIL PRODUCERS.
THE GERMANS HAD A HARD DISCUSSION OVER PRICES AND
OVER AUTOMATIC INDEXATION. WHEN PRESENTED WITH THE

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GERMAN CONSULTATION PROCEDURE, THE IRANIANS
CONCEDED THAT THIS MIGHT BE POSSIBLE LATER, BUT THIS
COULD NOT APPLY TO ANY INCREASE IN SEPTEMBER.

AMUZEGAR TOLD GERMANS THAT AUTOMATIC INDEXATION NOT
ESSENTIAL, BUT MAINTENANCE OF PURCHASING POWER
OF INVESTMENTS MUST BE PROVIDED FOR. WHEN GERMANS
REFERRED TO CONCERN IRAN MUST HAVE FOR IMPACT OF
PRICE INCREASES ON BRITISH, ITALIANS, ETC., SHAH
REACTED VIOLENTLY THAT THE BRITISH ARE THE CRIPPLES OF
EUROPE AND MUST LEARN HOW TO WORK. WISCHNEWSKI
EXPRESSED HIS PERSONAL VIEW THAT A PETROLEUM
INCREASE OF 15-20 PERCENT WOULD COME OUT OF SEPTEMBER
OPEC MEETING. IRANIANS HAVE NO PROBLEMS WITH
THREE COMMISSIONS AND PROMISED THEY WOULD BE A
MODERATING INFLUENCE WITHIN OPEC (SOMETHING WHICH
WISCHNEWSKI DOUBTS THEY WILL DO SINCE THE IRANIANS
WON'T WANT TO BE HELPFUL ON PRICES.) THERE SEEMS
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TO BE AGREEMENT ON ATTENDANCE BY 27 AT CONFERENCE
ITSELF. GERMANS THINK THIS MAY BE TOO MANY, BUT
THERE IS NOTHING THAT CAN BE DONE. WISCHNEWSKI
WAS CONCERNED OVER EC REPRESENTATION SINCE HE
DOESN'T SEE HOW THEY COULD CHANGE THEIR SPOKESMAN
AT THE DIALOGUE EVERY SIX MONTHS.
HILLENBRAND

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